

EQUIPMENT DISTRIBUTION PROGRAM

I. FOREWORD:

This program deals with the methods by which REA borrowers can work in collaboration with dealers for the purpose of supplying all types of electrical and plumbing equipment to meet the needs of all consumers, in conformity with current policies.

It is recognized, however, that REA borrowers in some areas may be compelled by circumstances to assume the responsibility of merchandising electrical equipment particularly farm production equipment. Therefore, a complete program by which needed electrical equipment may be made available to all consumers should include sound, workable methods which may be used by such borrowers.

In order that appropriate recommendations on the distribution and servicing of equipment may be made to individual borrowers, a study of the dealer situation in each of the ten regions should be made immediately. A procedure for making this study is attached.

II. PURPOSE:

To assist REA borrowers in making it possible for their consumers to procure and install needed electrical and plumbing equipment of good quality at reasonable prices and to insure adequate servicing of equipment, in order to bring about better farm and community living through:

- A. Increased farm income.
- B. Better health and sanitation.
- C. Increased efficiency and the saving of time and labor.
- D. Community improvement.
- E. Complete area coverage.
- F. Low cost of electricity.
- G. Re-payment of Government loan.

III. RESPONSIBILITIES OF APPLICATIONS AND LOANS DIVISION:

To guide and assist REA borrowers in the formulation and application of plans, policies and procedure for the distribution, financing, installation and servicing of electrical and plumbing equipment for farm, home and community use.

A. OFFICE OF THE CHIEF:

Overall responsibility for the successful administration of the program.

1. Recommend policies and procedure in equipment programs, for administrative approval.
2. Coordinate with other divisions concerned (Information, Finance, Design and Construction, Management, Legal) procedure on the equipment distribution program.
3. Establish and maintain contacts with national and district organizations, educational, commercial, and other, to coordinate and stimulate activities on a nation-wide basis in the distribution and servicing of electric equipment.

B. REGIONAL OFFICE RESPONSIBILITIES:

1. Assist borrowers in the inauguration and successful administration of activities concerning electric equipment distribution, adapting programs to meet regional needs.
2. Supervise Applications and Loans field activities, including definite follow-up action on conditions as reported by field personnel.
3. Make recommendations to and consult with the REA power utilization consultants, on policy and procedure changes.
4. Maintain a system for making available field reports and certain types of information on each borrower's electric equipment distribution activities.
5. Establish and maintain contacts with district organizations, commercial, educational and other, to obtain cooperation for launching equipment distribution and servicing programs.

IV. RESPONSIBILITIES OF FIELD STAFF:

Guide and assist borrowers in making available to consumers, needed electrical and plumbing equipment for farm home and community use, and recommend adequate financing, installation and servicing of such equipment.

1. Learn status of existing cooperative conditions and the relative need for an equipment distribution program. Illustrative of factors to be considered are:
 - a. Average KWH consumption.
 - b. Percent of minimum bills.
 - c. Saturation of equipment and local farm equipment needs.
 - d. Financial conditions of borrowers.
 - e. Line development and new member connections.
2. Evaluate dealer participation and cooperation. Assist borrowers to:
 - a. Make a study of the electrical equipment distribution situation throughout the system area.

See suggested forms attached for reporting on private and cooperative dealers.
 - b. Analyze the study to determine availability of all needed types of electrical equipment for consumers use.
 1. Discuss with cooperative officials results of study -- needs for developing and extending equipment distribution program.
 2. If REA borrower is now merchandising, discuss present status of activities and future plans.

IV. - 2 - b. (Con'td.)

3. Discuss the advisability of extending investigations, of established and proposed dealers, on distributor and manufacturer level prior to establishing definite equipment distribution program.
4. Assist borrowers in the selection of suitable personnel for conducting educational-promotional activities.
See suggested guide for selection of such personnel.
5. Assist in training borrower personnel responsible for advancing the equipment distribution programs, as well as other borrower personnel, such as cashier, lineman, and others in position to advance this program.
6. Assist borrowers in planning and developing year-around, special and intensified equipment distribution programs, including education in the use of electrical equipment.

Illustrative of these are programs on:

New members	Laundry equipment	Garden watering
Minimum bell users	Feed grinding	Portable motors and
Home and farm lighting	Brooders	other uses of elec-
Water systems and plumbing	Poultry lighting	tricity peculiar to
		needs of system area.

7. Assist borrowers in the establishment, development and maintenance of complete dealer coverage, participation and cooperation.

Illustrative of the assistance which may be given is:

- a. Arrange for displays of electrical and plumbing equipment:
 1. In cooperative office on rotation basis.
 2. At annual meetings.
 3. At state and county fairs.
 4. At all types of demonstrations.
- b. Furnish membership list to dealers and distributors.
- c. Conduct appliance saturation survey and make prospect lists available to dealers. (See attached sample of survey)
- d. Arrange with local dealers for meetings to discuss equipment distribution programs.

These meetings should cover such subjects as:

1. Present and future development of area.
2. Financing program and collection facilities.
3. Installation and servicing policies.
4. Display facilities for dealers' use.
5. Publicity programs.

6. Promotional sales incentives - discounts, off-season sales, trade-ins.
 7. Special and seasonal programs.
 8. REA standards and specifications.
- e. Conduct effective publicity program on electrical uses through:
1. News-letter
 2. Newspapers
 3. Radio
 4. Contests
 5. Letter enclosures
 6. Member meetings
- f. Provide adequate financing for consumer purchase of equipment.
- g. Assist dealers in working out installation problems.

Illustrative of such assistance is:

1. Offer free installation of equipment during special campaign periods.
 2. Offer free inspection of additional wiring required for installation of equipment.
 3. Offer free installation of equipment such as range, water heater, hotplate, etc., in schools, community buildings, churches, etc., in order to promote a wider use of this type of equipment.
- h. Develop with dealers well-defined and dependable arrangement for the servicing of consumers' equipment, and have a clear understanding with all dealers that unless dependable servicing is provided by dealers, no assistance will be furnished by cooperative on promotional activities, and that cooperation with dealers must be curtailed. Where necessary, investigate the possibility of the cooperative sponsoring servicing activities.

Illustrative of such arrangements are:

1. In areas where no servicing facilities are available, establish independent servicing centers.
 - a. For use of all dealers.
 - b. Staffed with qualified personnel
 - c. With reasonable price schedules.
2. Establish cooperatives' servicing center.
3. Sponsor training courses for farm youth to handle minor repairs of equipment.

IV. - 7 (Cont'd)

- i. Emphasize the desirability of complete dealer coverage of the cooperative area.
- j. Encourage dealers to carry complete lines of electric home and farm equipment.
- k. Maintain constant touch with dealers and encourage an equitable distribution of new equipment to rural consumers.
- l. Establish and maintain close contact with dealers in system and to be certain adequate power is available for new equipment going on the lines.

REPORT ON ELECTRIC AND PLUMBING EQUIPMENT DEALER

Project Designation: _____ DATE: _____

1. Give name and address of the dealer. What emphasis does he give to electrical and plumbing equipment sales? What other merchandise lines does he carry? Is electrical equipment a sideline?
2. What are the types and makes of equipment stocked or sold on an order basis? What plans are being made for expansion? Is any stress being placed on the sale of equipment especially adopted to rural needs?
3. What personnel are employed? Is the store open evenings?
4. What is the coverage or relative attention paid to the rural area? What delivery facilities are available? Does dealer cooperate with co-op?
5. What servicing facilities are available?
6. What financing arrangements are available?
7. What are the display facilities? Is the space adequate?
8. What are dealer's promotional plans?

(Person making report)

RECOMMENDATIONS

1. That a committee within A & L Division be established to review results of the national studies referred to in the foreword, and use this information as a basis for making recommendations with reference to future equipment distribution policies and procedures.
2. That wherever feasible and advisable the borrower be urged to employ an electrical farm and home equipment adviser. It being recognized that a majority of the borrowers will require the services of a trained person to assist members in obtaining the most adequate equipment to meet their needs and to make the best use of this equipment. This employee must have the necessary educational and sales experience to handle this type of work with rural people.
3. That power utilization conferences provide for training in latest policies and techniques of cooperative equipment distribution through dealer participation.
4. That consideration be given to off peak operation of various types of equipment, annual service plan and other promotional rates.
5. That a manual be prepared for use by borrower personnel responsible for this program. The manual should outline the scope of the work to be done and explain in detail, concrete illustrative methods which can be used by the borrower.

FIELD STUDY OF BORROWER'S CURRENT MERCHANDISING ACTIVITIES

The answers to the following questions are to be supplied in a separate field report and are indicative of the information needed to evaluate the borrower's merchandising activities when it is desired to make a special field examination of a direct selling program. It is expected that the field representative will obtain additional information in his survey which should be included in the report. It is believed that all of these questions should be answered completely to permit a thorough and objective analysis of their practices.

Type of business: Is the sales organization the REA borrower itself? If so, how is the business governed and controlled? If not, describe the nature of the business. (Separate cooperative, partnership, etc.)
What is the legal status of the organization?
Who are the responsible personnel?
Are any of them related to cooperative officials or personnel?

Capital: How is the business financed?
What is the available capital for the business?
What is the current inventory?

Physical facilities: What is the location of the store with respect to the borrower's office and other business establishment?
Describe the store, including display, counter, bin, warehouse and garage space.
Does the business have its own truck?

Personnel: How many people are employed and what are their duties?
Are they paid on a salary or commission basis?
What amount are they paid per year?
Describe specifically any combination employment of personnel between the REA borrower and the store.

Types of equipment sold: List types and makes of equipment stocked or sold on an order basis.
What are the future plans for changes in the types of merchandise carried?

Sources of equipment: Describe any franchise, contract or purchasing agreement naming the manufacturer, jobber, wholesaler, etc.

Inventory: What is the present inventory level and what is the average annual inventory level in quantity or dollars, by major types of equipment?

Farmstead wiring: Does the business engage in farmstead wiring?
If so, what are the price policies for this type of work?
If possible, give illustrative price schedules. How is wiring inspection handled?

Plumbing activities: If the store has engaged in plumbing activities other than pumps or water heaters, specify the nature and extent of such activities.

Retail price policy: Is merchandise sold at the regular dealer price? If not, how are prices determined?

Trade-ins: What is the trade-in policy?

Financing: What is the credit policy?
What is the source of the financing fund?

Installation policy: Does the store deliver or install its merchandise? If not, who does?

Are installation and delivery charges included in the purchase price?

Or, is this a separate charge?

Comment specifically regarding range and other heavy duty equipment installations.

Are churches, schools and community buildings given special treatment?

Equipment servicing policy: What guarantee is given on the types of equipment sold? On repair parts? What repair and servicing facilities are available? What is the policy for charges on labor, parts, mileage, and overhead?

Collections and repossessions: What is the collection system on accounts and notes receivable? What are the amounts and the comparative percentages of delinquent accounts? What is the number of and method for handling repossessions?

Insurance and taxes: What insurance is carried? What kind of taxes are paid?

Accounting methods: In general, are all of the store's accounts kept separate from the general operating accounts of the system? Is each kept in a separate account? Separate bank account?

Promotional activities and policies: What are the kinds and extent of advertising used? What demonstrations have been held, or are planned? What other promotional activities have been used? Were they successful?

Financial Operating results: Give in schedule form by months or year (to the extent such information can be obtained) data as to the:

1. Amount of sales.
2. Amount and sources of other revenue.
3. Amount and nature of expenses charged to earned surplus or loss.

Distribution of earned surplus: State what has been done with the earned surplus (profits) to date. Are patronage refunds the present policy or planned for the future?

Reason for merchandising: What are the factors that influenced the borrower to enter the merchandising field?

RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON, D. C.

Date _____

SUGGESTED LETTER TO SELECTED PROJECT

SUBJECT: LOAD INFORMATION SURVEY

After struggling through the war years with their accompanying shortages of materials and labor, it might be well to take stock of what we have done and what we must do to put our cooperatives on a sounder footing. We must be ready when materials and equipment become available to aid our members in every way so that they will be able to put electricity to work more productively.

The idea of an equipment distribution survey has come to us from a number of cooperatives who have conducted such a survey with good results. After studying the information received by these cooperatives, we feel that it gives a clear picture of the condition and needs of the project as a whole and will greatly aid these cooperatives in giving better service to their members.

We are interested in seeing such a survey made on each of our cooperatives, but at this time it would not be advisable to make a survey on all projects simultaneously, therefore we have selected your cooperative, as one of those in the state to carry out this activity.

The enclosed forms and information sheets are merely suggestive and may be changed to suit your own desires and needs. We hope that you will discuss this matter fully with your Board and will see the value of making such a survey.

Very truly yours,

Regional Head
Applications and Loans Division

A SUGGESTED LETTER TO ALL PROJECT MEMBERS

Date:

Dear Member:

Your Board of Directors and the Management feel that the time has come to take inventory of what our members are doing with electricity and what they wish to do in the future. We are also interested in knowing how you feel about the service and will welcome any criticism or suggestions as to how service may be improved.

The enclosed survey form, if completely filled in and returned to this office, will give us a clearer picture of your present uses of electricity and your needs and desires for future appliances and equipment. This information will also enable us to make a better estimate of future load and by prior planning we shall be able to give you better service.

In many cases you have tried to purchase electrical equipment or appliances, but due to shortages of such items have been unsuccessful. If this is true, and you have decided on the types, make and size that you desire, your Board and the Management will be very glad to assist you in placing your order and will do everything in their power to secure for you the earliest possible delivery. Let us know if we can help you in this way.

The basis of your Cooperative is the full cooperation of each and every member. The Board and Management appreciate your participation in this survey and trust that you will keep up the good work by completing this survey form and returning it as soon as possible.

Very sincerely yours,

THE COMMITTEE

(If desired, interest can be worked up by offering prizes for participation and for the best suggestions. These prizes could be awarded at the annual meeting provided the forms can be distributed far enough in advance. A suggested paragraph for the letter follows.)

GEORGIA ELECTRIC COOPERATIVE EQUIPMENT INFORMATION SURVEY

Survey No. _____

DATE _____

1. Name _____
2. Address _____
3. Location of farm _____

4. Household Equipment

Have Now	Plan to Buy
<input type="checkbox"/> Radio	<input type="checkbox"/>
<input type="checkbox"/> Iron	<input type="checkbox"/>
<input type="checkbox"/> Washing Machine	<input type="checkbox"/>
<input type="checkbox"/> Refrigerator	<input type="checkbox"/>
<input type="checkbox"/> Range	<input type="checkbox"/>
<input type="checkbox"/> Roaster	<input type="checkbox"/>
<input type="checkbox"/> Water Heater	<input type="checkbox"/>
<input type="checkbox"/> _____	<input type="checkbox"/>
<input type="checkbox"/> _____	<input type="checkbox"/>
<input type="checkbox"/> _____	<input type="checkbox"/>

5. Farm Equipment

Have Now	Plan to Buy
<input type="checkbox"/> Water Pump	<input type="checkbox"/>
<input type="checkbox"/> Feed Grinder	<input type="checkbox"/>
<input type="checkbox"/> Brooder	<input type="checkbox"/>
<input type="checkbox"/> Hay Drier	<input type="checkbox"/>
Number of Motors _____	
less than 1 H.P. _____	
1 H.P. and Over _____	
<input type="checkbox"/> Milking Machine	<input type="checkbox"/>

Farm Equipment (cont.)

- | Have Now | Plan to buy |
|---|--------------------------|
| <input type="checkbox"/> Electric Fence | <input type="checkbox"/> |
| <input type="checkbox"/> _____ | <input type="checkbox"/> |
| <input type="checkbox"/> _____ | <input type="checkbox"/> |
| <input type="checkbox"/> _____ | <input type="checkbox"/> |

6. Type of Farming

What are your principal crops?

Corn <input type="checkbox"/>	<input type="checkbox"/> Cotton
Grain <input type="checkbox"/>	<input type="checkbox"/> Tobacco
Hay <input type="checkbox"/>	<input type="checkbox"/> Truck
Potatoes <input type="checkbox"/>	<input type="checkbox"/> Fruit
Other _____	
7. What are your principal livestock products?

Milk <input type="checkbox"/>	<input type="checkbox"/> Beef Cattle
Cream <input type="checkbox"/>	<input type="checkbox"/> Hogs
Eggs <input type="checkbox"/>	<input type="checkbox"/> Sheep
Poultry <input type="checkbox"/>	<input type="checkbox"/>
8. Criticisms or Recommendations to the Cooperative _____

A SUGGESTED PARAGRAPH TO BE INCLUDED IN THE LETTER
IF PRIZES ARE TO BE AWARDED

Through cooperation of the local dealers, we are offering a prize of a beautiful ELECTRIC RANGE to the lucky member whose survey number is drawn from the hat. Your survey form is numbered and if you return it properly filled in, your number goes into the hat. In addition to the main prize, an ELECTRIC ROASTER will be given to the member making the best suggestion for improving service, and an ELECTRIC MIXER to the member making the second best suggestion. Your Board of Directors will act as judges and their decision will be final. The winners will be announced at the annual meeting.

DESIRABLE QUALIFICATIONS OF AN EQUIPMENT DISTRIBUTION ADVISER

In planning the equipment distribution program with the board of directors and managers it is important to make a careful and thoughtful selection of a qualified person to direct that work. The capabilities of the adviser selected will determine, more than any other one factor, the success of the program. His duties in developing and maintaining an active interest of member-consumers in an equipment distribution enterprise call for certain qualifications and abilities. Of these, the board of directors and manager should consider it equally important for him to have the ability to work with farm people and possess an understanding of the electrical equipment needs of farm families. This requires a friendly personality, and a real understanding of the applications of electricity to agriculture, to farm homes and rural community centers.

As a guide for boards and managers and for applicants themselves a statement of the desirable qualifications for the position of an equipment distribution adviser is attached. These prerequisites indicate the broad scope of the job against which the individual applicant should be measured. A person possessing all these qualifications to start with may be hard to find. The important thing is that the person selected have a favorable background; fundamental understanding and a sympathy for the job; and be capable of growth on the job.

Suggested Minimum Qualifications

1. General Education --should be equivalent to training at the college level gained through formal training or by experience and self education.
2. Education in Agriculture -- should be in the fields of agricultural engineering or vocational agriculture at the college level or gained by actual farming experience in which he or she has demonstrated a comparable knowledge in modern farm practices.
3. Distribution and Selling Experience -- should be two years experience in retail selling.
4. Training in Cooperative Methods and Practices -- should have been gained through member participation in cooperative activities, study of cooperative literature, and an understanding of the basic differences between cooperatives and other types of business.
5. Abilities and Attitudes --An equipment distribution adviser must have demonstrated ability to organize and carry out education and electrical equipment programs as well as the ability to work successfully with people.
6. The equipment distribution adviser should have demonstrated abilities in keeping adequate records of the work.

II

GROUP TRAINING MEETINGS

Inasmuch as the length of the program will be dependent on so many factors which cannot be controlled, and the subjects that can profitably be included will depend on both the speakers that may be available and the background of the advisers attending the conference, it is attempted here merely to list the primary topics for discussion. The emphasis and time devoted to each subject can be reasonably determined only by the field representative in charge of the meeting.

Suggested discussion topics are as follows:

1. Background of REA. How it operates, and cooperates with its borrowers.
2. Background of cooperatives, their principles, motivation, and guiding concepts (Or, public utility districts, etc., where appropriate.)
3. Aims and purposes of the equipment distribution program.
4. Analyzing your system and the area. How to make and use an appliance survey. Effect of geographical differences in your area.
5. Analysis of the local dealer situation. How to make it. What you need to know about dealers in your area.
6. Related farm and educational organizations, what they do, and how they can help.
7. How the distributor-dealer set-up functions.
8. Techniques for promotion of established equipment lines.
9. Techniques for promotion of new approved equipment and new use of electricity.
10. Publicity - what it is and how it can be used in promotion and education.

I

PROCEDURE IN INDIVIDUAL INSTRUCTIONS

Before starting the instruction, it would be desirable to learn from the electrification adviser his experience, previous job duties, general background and familiarity with the system area. It is expected that the adviser will not have had actual experience in all the fields that are synthesized in the carrying out of an equipment distribution program in rural areas. By comparing the adviser's background with the desired qualifications as outlined in the guide for selecting an adviser, deficiencies in his prior training may be readily obvious. For example, a former appliance salesman is not likely to need much explanation in the nature of dealer-distributor relationships, but he may need considerable education in the nature, scope and activities of the various agricultural groups and agencies with which he will be cooperating. Some of the advisers will already be well acquainted with REA, and its purposes and procedures; new employees should be indoctrinated in this field.

The field representative should first be sure the adviser knew his duties, and has a general understanding of the program sufficient to enable him to judge when he is attending to all of his duties, and to know when he is attempting to engage in an unrelated or unwise activity. For instance, there is a rather narrow line between trying to help a consumer select and obtain equipment suitable for his needs, and appearing to act as a salesman for a particular competitive product. The first step in the training program therefore is an explanation of the equipment distribution program, and its aims.

The next step is to wise up the local situation. This includes a study of the system, proposed developments, and appliance survey, a cooperative analysis of the areas served, location of minimum bill consumers, and an analysis of any special factors such as a wholesale rate contract making off-peak sales particularly desirable. The adviser should prepare a list of all the dealers in the area, and obtain complete information as to their stock, plans, procedures and services offered. He should also prepare a list of all organizations which are represented in the system area, the names of their leaders and their general fields of activity. Be sure that the advisers bear in mind such groups as the State College Stations, and selling cooperatives, whose services are available through proper arrangements.

Having become familiar with all aspects of the local situation, the next step is to decide on the particular activities and promotional programs to be instituted immediately, and begin laying out plans to effectuate them. It is not possible in this space to describe all of the activities; the field representative should however, review with the adviser the step-by-step methods of carrying out the programs selected for action.

Each subsequent visit by the field representative will in one sense be a continuation of the training program.

SUGGESTIONS FOR TRAINING BORROWER PERSONNEL TO HANDLE THE EQUIPMENT DISTRIBUTION PROGRAM

Introduction

It is intended that the following comments will be considered by the REA field representative only as a guide, and that they will stimulate adaptations suitable to the borrower concerned. In some cases the borrower's employee responsible for this program will also be in charge of obtaining new members and easements, and be charged with the execution of all other promotional and educational activities. The field representative has the task, which frequently will be difficult, of helping both the employee and the manager coordinate the duties and activities with which the electrification adviser is charged as to achieve a desirable emphasis on the different programs, maintaining a realistic approach based on the situation as it exists on the individual system.

In the beginning, then, it is believed that the field representative should indicate his recognition that the problems of equipment distribution are considered to be a part of the overall job the borrower is trying to do to help its consumers. The aim and purpose of giving special training to the personnel responsible for this program is to enable such personnel to make the greatest possible contribution to the members or consumers for whom they work. It is not sufficient for the employee to be a technically competent salesman of kilowatt-hours; he must understand, and show in his day-by-day work that he understands, the aims and purposes that brought about the organization of the borrower. For example, in a cooperative the training should include specific education in the principles of cooperation. Unless the borrower personnel responsible for the execution of the equipment distribution program understand that it is designed to serve the consumers and not simply to increase the cash receipts, the training will have fallen short of its goal.

Because of the extreme variations in conditions that will be found in the various states, the training suggestions have been divided into methods which can be used where the training will be accomplished through individual instruction, and suggestions for a program to be used where personnel can be brought together from several cooperatives at one time for a group meeting.

Group Training Meetings (Cont'd)

11. Effective displays and demonstrations.
12. New equipment and improvements: Farm equipments, appliances for the home, plumbing equipment, wiring methods and equipment.
13. The place for consumer credit. S-5 loans. Dealer financing.
14. How to use equipment and make it last.
15. Servicing of equipment. Price policies, minimum desirable dealer standards, and home servicing.
16. Planning your program and recording your progress.